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IN THE

Supreme Court of the United States

OCTOBER TERM, 1964

No. 555

RIVER BRAND RICE MILLS, INC., *Petitioner*,

v.

GENERAL FOODS CORPORATION, *Respondent*.

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

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No.

RIVER BRAND RICE MILLS, INC., *Petitioner,*

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GENERAL FOODS CORPORATION, *Respondent.*

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FIFTH CIRCUIT

To the Honorable Chief Justice and Associate Justices of the Supreme Court of the United States:

Petitioner River Brand Rice Mills, Inc. prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Fifth Circuit entered in the above-entitled case on July 10, 1964.

OPINIONS BELOW

The oral opinion of the United States District Court for the Southern District of Texas (R. 49-50) is unreported and is printed in Appendix B, *infra* at 20a. The order of the District Court (R. 52-53) is printed in Appendix B, *infra* at 21a. The opinion of the Court of Appeals is reported at 334 F.2d 770, 142 U.S.P.Q. 185 (5th Cir. 1964) and is printed in Appendix B, *infra* at 22a.

JURISDICTION

The judgment of the Court of Appeals for the Fifth Circuit was entered on July 10, 1964 and is printed in Appendix B, *infra* at 28a.

The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1).

QUESTIONS PRESENTED

The questions presented are:

1. Should 28 U.S.C. § 1338(b), which permits joinder of *federal* patent, trademark or copyright claims and "related" nonfederal unfair competition claims, be construed:

> (a) *strictly* as in the Sixth, Seventh and Eighth Circuits to codify without change the pre-existing uniform rule of this Court and the lower federal courts limiting such joinder to nonfederal claims that state merely a separate ground in support of the federal cause of action and arise out of substantially the same facts; or
>
> (b) *broadly* as in the Second, Fifth and Ninth Circuits to change the pre-existing rule to require as the *sole* prerequisite for such joinder that only a part of the proof in support of one claim need be common to the other without regard to whether the two claims are part of the same cause of action?

2. Can a state cause of action for misappropriation of trade secrets be "related" under 28 U.S.C. § 1338(b) to a federal cause of action for patent infringement when the "patented" and "secret" subject matter are necessarily different because the alleged misappropria-

tion occurred *after* issuance of the patents had destroyed any secrecy in the patented subject matter?

3. Do the limitations on federal jurisdiction set forth in Article III, Section 2 of the Constitution require adoption of the first alternative of question 1 and a negative answer to question 2?

CONSTITUTION AND STATUTE INVOLVED

Article III, Section 2, Clause 1 of the Constitution is involved. It reads as follows:

> "Section 2. The judicial Power shall extend to all Cases, in Law and Equity, arising under this Constitution, the Laws of the United States, and Treaties made, or which shall be made, under their Authority;—to all Cases affecting Ambassadors, other public Ministers and Consuls;—to all Cases of admiralty and maritime Jurisdiction;—to Controversies to which the United States shall be a Party;—to Controversies between two or more States;—between a State and Citizens of another State;—between Citizens of different States;—between Citizens of the same State claiming Lands under Grants of different States, and between a State, or the Citizens thereof, and foreign States, Citizens or Subjects."

The statute involved is 28 U.S.C. § 1338(b). It reads as follows:

> "(b) The district courts shall have original jurisdiction of any civil action asserting a claim of unfair competition when joined with a substantial and related claim under the copyright, patent or trade-mark laws."[1]

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[1] June 25, 1948, c. 646, 62 Stat. 931.

STATEMENT OF THE CASE

Respondent General Foods Corporation filed its original complaint in this case on November 13, 1962 (R. 6-8) alleging infringement of four patents relating to quick-cooking rice (R. 55-69).

Later respondent filed an amended complaint alleging as a "First Cause of Action" the patent infringement claim of the original complaint (R. 18-19).

As a "Second Cause of Action," the amended complaint also alleged misappropriation of certain trade secrets (R. 19-23). Paragraph 13 of the amended complaint summarized the subject matter of this latter "cause of action" as follows (R. 20-21):

> ". . . plaintiff also acquired much additional *unpatented* valuable and *proprietary information* relating to the production of quick-cooking rice and including *manufacturing techniques, manufacturing equipment, quality control procedures, marketing data, product specifications,* and other related confidential and proprietary information to which plaintiff is exclusively entitled and which plaintiff has preserved and continues to preserve *in confidence.*"[2]

There is no diversity between petitioner and respondent (R. 6-7, 18).

Federal jurisdiction over the first cause of action for patent infringement was alleged under 28 U.S.C. § 1338 (a) and is admitted (R. 17). Federal jurisdiction over the second cause of action for trade secret misappropriation was alleged under 28 U.S.C. § 1338(b) (R. 17). Such jurisdiction is denied by petitioner and forms the basis for the questions presented by this petition.

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[2] Unless otherwise stated, all emphasis in this petition is supplied.

The amended complaint asserts that misappropriation of the trade secrets occurred through petitioner's hiring of one Lawrence Lynn, a former employee of respondent (R. 21-23). But Lynn did not leave respondent's employ until almost three years *after* the most recent of the four patents in suit had issued.[3]

There is thus no allegation that any trade secrets were misappropriated until long after the subject matter of the patents was publicly disclosed by their issuance. "Secrets" could not thereafter reside in the patented subject matter but only in areas outside the patents. Respondent's claim for trade secret misappropriation, therefore, necessarily sets forth a *different* cause of action based on *different* subject matter and *different* facts from its claim for patent infringement.[4]

Petitioner moved to dismiss the trade secret claim on the ground that 28 U.S.C. § 1338(b) does not sanction joinder in a federal court of such unrelated causes. The District Court denied the Motion but stated that its order "involves a controlling question of law as to which there is substantial ground for difference of opinion."[5]

Because of the controversial question of law involved, the Court of Appeals for the Fifth Circuit granted an interlocutory appeal under 28 U.S.C. § 1292

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[3] The most recent of the patents issued in March 1958 (R. 67). Lynn did not terminate his employment with respondent until February 1961—almost three years later (R. 21). Lynn was not employed by petitioner until May 1961. Breach of confidence is in part predicated on an "Employment Agreement" between Lynn and respondent signed by Lynn on June 27, 1960 (R. 21-23, 25-26) —over two years after the last patent issued.

[4] See *infra* at 15-16.

[5] App. B, *infra* at 21a; R. 52.

(b) and later affirmed the District Court. In its decision the Court of Appeals expressly recognized that petitioner's motion involves a construction of § 1338(b) as to which the courts of appeals for the several circuits are in deep and widespread conflict. The construction adopted for the Fifth Circuit is the so-called "broad" view [6] like that of the Second and Ninth Circuits and is opposed to the "strict" view [7] of the Sixth, Seventh and Eighth Circuits.

REASONS FOR GRANTING THE WRIT

1. To Resolve the Conflict Between the Courts of Appeals of the Several Circuits as to the Proper Construction of 28 U.S.C. § 1338(b).

Section 1338(b) is a codification of the judicial doctrine of "pendent" jurisdiction.[8] A brief review of the development of such doctrine facilitates an understanding of the conflict between the circuits as to the proper construction of the statute.

Federal jurisdiction is restricted by the Constitution, Article III, Section 2. It is axiomatic that in the absence of diversity a federal court can consider only causes of action arising under federal law, and Congress has no authority to expand that jurisdiction.[9] A state claim can be joined only if it is "pendent" from a federal cause of action.

In an exhaustive opinion, this Court held that for such pendency to exist consistent with constitutional

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[6] Question 1(b), *supra* at 2.

[7] Question 1(a), *supra* at 2.

[8] The statute is limited to joinder of nonfederal unfair competition claims with federal patent, trademark or copyright claims. The judicial doctrine extends to all types of actions. *Hurn* v. *Oursler*, 289 U.S. 238 (1933).

[9] Glidden Co. v. Zdanok, 370 U.S. 530 (1962).

restrictions, the two claims must be no more than different grounds in support of a single cause of action. *Hurn* v. *Oursler,* 289 U.S. 238 (1933). The *Hurn* decision is permeated with emphatic statements that a strict test must be applied and that any substantive variation between the federal and nonfederal claims negates jurisdiction over the latter.

Specifically, in *Hurn* this Court said at 245-7:

> "But the rule does not go so far as to permit a federal court to assume jurisdiction of a separate and distinct non-federal cause of action because it is joined in the same complaint with a federal cause of action. The distinction to be observed is between a case where two distinct grounds in support of a single cause of action are alleged, one only of which presents a federal question, and a case where two separate and distinct causes of action are alleged, one only of which is federal in character. In the former, where the federal question averred is not plainly wanting in substance, the federal court, even though the federal ground be not established, may nevertheless retain and dispose of the case upon the non-federal *ground*;[10] in the latter it may not do so upon the non-federal *cause of action.*[11]
>
> * * * * * * * * *
>
> "We do not mean by what has just been said to lay down a hard and fast test by which to determine in all situations what constitutes a cause of action. 'A "cause of action" may mean one thing for one purpose and something different for another,' United States v. Memphis Cotton Oil Co. 288 U.S. 62, ante, 619, 53 S.Ct. 278, decided January 9, 1933; but for the purpose of determining the bounds between state and federal jurisdiction, the meaning should be kept within the limits indi-

[10] Emphasis by the Court.

[11] Emphasis by the Court.

cated. Compare Baltimore & O.S.W.R. Co. v. Carroll, 280 U.S. 491, 494, 495, 74 L.ed. 566, 574, 575, 50 S.Ct. 182, and cases cited."

In *Armstrong Paint & Varnish Works* v. *Nu-Enamel Corp.*, 305 U.S. 315 (1938), this Court amplified the single cause of action test by expressly stating what was implicit in *Hurn*—that the nonfederal pendent claim must rest on "substantially the same facts" as the federal claim.[11a]

Following *Hurn* and *Armstrong*, the "pendent jurisdiction" decisions of the lower federal courts prior to enactment in 1948 of 28 U.S.C. § 1338(b), *without exception*, applied the "strict" test enunciated in those cases. They required the state claim to be merely another ground in support of the federal cause of action and to arise out of substantially the same facts.[12]

[11a] 305 U.S. 315 at 325.

[12] Pertinent appellate cases include:

In the *Second Circuit:* Lewis v. Vendome Bags, Inc., 108 F. 2d 16 (2d Cir. 1939); Musher Foundation v. Alba Trading Co., 127 F. 2d 9 (2d Cir. 1942); Zalkind v. Scheinman, 139 F. 2d 895 (2d Cir. 1943); Derman v. Stor-Aid, Inc., 141 F. 2d 580 (2d Cir. 1944).

In the *Fifth Circuit:* Newport Industries v. Crosby Naval Stores, 139 F. 2d 611 (5th Cir. 1944).

In the *Sixth Circuit:* Hemmeter Cigar Co. v. Congress Cigar Co., 118 F. 2d 64 (6th Cir. 1941).

In the *Seventh Circuit:* Sinko v. Snow-Craggs Corp., 105 F. 2d 450 (7th Cir. 1939).

In the *Eighth Circuit:* Hanson v. Triangle Publications, 163 F. 2d 74 (8th Cir. 1947).

Pre-§ 1338(b) District Court cases in accord include: Bulova Watch Co. v. Stolzberg, 69 F. Supp. 543 (D. Mass. 1947); Keyes Fibre Co. v. Chaplin Corp., 76 F. Supp. 981 (D. Me. 1947); McDonald v. Cape Cod Trawling Corp., 71 F. Supp. 888 (D. Mass. 1947); Anchor Hocking Glass Corp. v. White Cap Co., 47 F. Supp. 451 (D. Del. 1942); Fred Benioff Co. v. Benioff, 55 F. Supp. 393 (N.D. Cal. 1944).

For example, in *Musher Foundation* v. *Alba Trading* Co., 127 F.2d 9 (2d Cir. 1942), the view of the law which prevailed during the 1933 to 1948 time period was stated in the majority opinion as follows at 9-10:

> "As we understand the decision in Hurn v. Oursler, 289 U.S. 238, 53 S.Ct. 586, 77 L.Ed. 1148, the Supreme Court there held that a non-federal claim, over which the United States Court had no jurisdiction because of an absence of diverse citizenship, might be joined with a federal claim if the non-federal count differed from the federal count only because it asserted *a different ground for recovery upon substantially the same state of facts.* Justice Sutherland treated the two counts in that case as stating separate grounds for recovering upon what he characterized as but a single cause of action. Justice Reed reiterated the same theory in Armstrong Paint & Varnish Works v. Nu-Enamel Corp., 305 U.S. 315, 59 S.Ct. 191, 83 L.Ed. 195, in an opinion in which all the Justices seem to have concurred."

In that context 28 U.S.C. § 1338(b) was enacted in 1948. With economy of words the statute requires the nonfederal claim to be "substantial and *related*" to the federal claim. Congressional intent as to the construction of the statute was expressed in the Reviser's Note as follows:

> "Subsection (b) is added and is intended to avoid 'piecemeal' litigation to enforce common-law and statutory copyright, patent, and trade-mark rights by specifically permitting such enforcement in a single civil action in the district court. While *this is the rule under Federal decisions, this section would enact it as statutory authority.* The problem is discussed at length in Hurn v. Oursler, 1933, 53 S.Ct. 586, 289 U.S. 238, 77 L.Ed. 1148, and in Musher Foundation v. Alba Trading Co.,

C.C.A. 1942, 127 F.2d 9, majority and dissenting opinions."[13]

Great difficulty has arisen in the construction of the term "related" in the statute. The courts of appeals of the several circuits are in hopeless disagreement. Their decisions are split into two diametrically opposed groups.[14]

The first group applies a so-called "strict" construction. The cases that fall into this group are enumerated in Appendix A, *infra* at 12a-14a. The principal cases are discussed in detail in Appendix A at 1a-4a.

Essentially, these cases hold that the statute merely codified the pre-existing rule of this Court and the lower federal courts. They thus still require the nonfederal claim to be but another ground in support of the federal cause of action and to arise out of substantially the same facts.

The second group of court of appeals decisions applies a so-called "broad" construction. These cases are listed in Appendix A, *infra* at 14a-16a. The principal decisions are discussed in detail in Appendix A at 4a-9a.

As expressed by the Ninth Circuit and repeated by the court below, the "broad" view goes so far as to permit joinder of a nonfederal with a federal claim,

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[13] H. Rep. 308, 80th Cong., 1st Sess. The Reviser's Note which was included in the Committee Report is reproduced immediately following Section 1338(b) in 28 U.S.C.A.

[14] Both groups of cases, together with representative cases considering 28 U.S.C. § 1338(b) but not unequivocally adopting either of the two opposed views, are listed and discussed in Appendix A, *infra* Sections I and II.

if only a "part of the proof in support of one claim be common to the other."[15] In effect these cases hold that the statute did not merely codify the pre-existing judicial rule but changed that rule to apply a much more lenient test for federal jurisdiction over state causes of action.

In this case, the court below acknowledged the conflict in the other circuits as follows:

> "The disagreement herein stems from the difference between the parties as to the reach of Section 1338(b), and to what extent, if any, it has liberalized the pendent jurisdiction rule spelled out in *Hurn* v. *Oursler*, 289 U.S. 238, 53 S.Ct. 586, 77 L.Ed. 1148.
>
> "In *Hurn* the court said that its rule of pendent jurisdiction did 'not go so far as to permit a federal court to assume jurisdiction of a *separate and distinct*[16] non-federal cause of action because it [was] joined in the same complaint with a federal cause of action.'
>
> "In *Royal Lace Paper Works* v. *Pest-Guard Products*, 240 F.2d 814, this Court observed that *Hurn* was codified in Section 1338(b). But does Section 1338(b) do more than merely codify *Hurn*?
>
> "The answer is not found solely in the definition of the word 'related' as employed in Section 1338 (b) but in the harmonizing of the legislative objective of the statute with the rule announced in *Hurn* in a manner that will accord recognition to the objective without contravening the rule. The answer is not an easy one.

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[15] App. B, *infra* at 26a, n. 7; 334 F. 2d 770, 773, n. 7 (5th Cir. 1964).

[16] Emphasis by Court below.

> "The attempt on the one hand to precisely equate the 'related' claim of Section 1338(b) with the rule in *Hurn* and on the other hand to read into the former an enlargement of the rule has led to the adoption of what Professor Moore refers to as the narrower and broader views of 'related'. . . ."[17]

In adopting the "broad" construction of the statute, the court said:

> "The authorities sustaining the more liberal construction in order to facilitate joinder and avoid piecemeal litigation appear to more nearly meet both the objective of the statute and the rule in *Hurn* than do those applying the narrower view of the word 'related'. The former view does not in our opinion run counter to the rule in *Hurn* and commends itself to us as being the correct view."[18]

Further, the court quoted approvingly from several of the "broad" group of cases, including the following:

> "In *Wham-O-Mfg. Co.* v. *Paradise Manufacturing Co.*, 327 F.2d 748 (decided January 31, 1964), the Ninth Circuit stated that: 'The term "related" refers to probative facts; it means that part of the proof in support of one claim be common to the other.' "[19]

The widespread nature of the conflict is apparent from the fact that the "strict" test has been applied in some forty-five (45) cases,[20] including decisions of

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[17] App. B, *infra* at 23a-25a; 334 F. 2d 770, 771-2 (5th Cir. 1964).

[18] App. B, *infra* at 26a; 334 F. 2d 770, 773.

[19] App. B, *infra* at 26a, n. 7; 334 F. 2d 770, 773, n. 7.

[20] App. A, *infra* Section IIA at 12a-14a.

the Courts of Appeals for the Sixth, Seventh, and Eighth Circuits. The "broad" test has been applied in thirty-two (32) cases,[21] including decisions of the Courts of Appeals for the Second, Ninth, and now the Fifth, Circuits. In addition, there are a great many additional cases[22] that involve a construction of Section 1338(b) but which do not unequivocally adopt either the "strict" or the "broad" test. The cases are listed and the principal ones discussed in detail in Appendix A, *infra*.

This Court has never construed Section 1338(b).[23]

The need for resolution of the conflict by this Court far transcends this particular case. If unresolved, the conflict will continue to encourage flagrant forum shopping. Litigants naturally attempt to present their claims in jurisdictions in which the law is favorable to them. The situation today is strikingly similar to that which prompted this Court to grant certiorari in *Hurn* v. *Oursler*, 289 U.S. 238, 240-41 (1933), where it said:

> "A multitude of cases in the lower federal courts have dealt with the question [the scope of pendent jurisdiction over unfair competition claims] in its various phases and have reached different conclusions. The opinions present a great variety of views and of differences. . . . A few out of many are mentioned in the footnote as illustrative of the

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[21] App. A, *infra* Section IIB at 14a-16a.

[22] Fifty-one (51) representative cases are listed in Appendix A, *infra* Section IIC at 16a-19a.

[23] Certiorari was denied, 371 U.S. 911 (1962), in Pursche v. Atlas Scraper and Engineering Co., 300 F. 2d 467 (9th Cir. 1961). Since such denial, the conflict in the circuits has become wider and more intensified.

> confusion and as indicating the *importance of attempting to formulate some rule* on the subject."

After *Hurn*, and later *Armstrong*, and until the enactment of Section 1338(b), there was no further confusion. The federal courts uniformly applied the clearly defined test of those cases. This Court should now clarify the codified doctrine of pendent jurisdiction under 28 U.S.C. § 1338(b) just as in *Hurn* and *Armstrong* it clarified the earlier judicial doctrine.

2. To Ensure That Pendent Jurisdiction Under 28 U.S.C. § 1338 (b) Is Confined Within the Limits Defined by the Constitution.

Those decisions, including the opinion below, which have adopted the "broad" view of jurisdiction under Section 1338(b) pose a serious constitutional question, since "Authority for the Federal Government to decide questions of state law exists *only* by virtue of the Diversity Clause in Article 3." *Glidden Co.* v. *Zdanok*, 370 U.S. 530, 537-8 (1962).

The constitutional limits controlling pendent jurisdiction established by this Court in *Hurn* and *Armstrong* are equally applicable before and after enactment of Section 1338(b). The statute may not exceed those limits. In the absence of diversity, a state question can be considered under Section 1338(b) only if it is *inseparable* from the *federal* cause of action that provides the basis for federal jurisdiction.

The courts adopting the "broad" view that only a remote connection between state and federal causes is sufficient have almost uniformly ignored the paramount constitutional issue. The single exception is the passing reference by the Second Circuit in a footnote in *Nikanor* v. *Simon & Schuster, Inc.*, 246 F. 2d 501, 505.

n. 2 (2d Cir. 1957), where the court paid lip service to the "possible Constitutional overtones" of its decision and cited 70 Harv. L. Rev. 1469 (1957).

The oversight is scarcely understandable, since the Constitution so undeniably defines the limits beyond which the scope of pendent federal jurisdiction under the statute cannot extend.

3. To Resolve the Conflict Between (a) the Decision Below, Which Accepted Pendent Jurisdiction Over a Nonfederal Unfair Competition Claim Involving Substantially Different Facts and Constituting a Cause of Action Separate and Distinct From the Federal Claim for Patent Infringement With Which It Is Joined, and (b) the Decision of This Court in Hurn v. Oursler, 289 U.S. 238 (1933), Which Held That the Constitution Forecloses Pendent Jurisdiction in Such Cases.

The court below gave lip service to the *Hurn* rule which it recognized does "not go so far as to permit a federal court to assume jurisdiction over a *separate and distinct* non-federal cause of action."[24] But it expressly ignored the controlling precedent compelling the conclusion that the cause of action for trade secret misappropriation in this case necessarily is *"separate and distinct"* from the patent infringement claim.

Included in the authorities ignored below is the express ruling of the Texas Supreme Court in *Hyde Corp.* v. *Huffines,* 158 Tex. 566, 314 S.W.2d 763, 770, 773, *cert. denied,* 358 U.S. 878 (1958), that:

> ". . . Trade secrets as distinguished from patents are subject to protection under the equitable jurisdiction of the state courts.
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> * * * * * * * * *

[24] App. B, *infra* at 24a; 334 F. 2d 770, 772; emphasis by court below.

"... [T]he equitable remedy of injunction to prevent one person from damaging another through an abuse of confidence in wrongfully appropriating trade secrets is a *separate remedy* and incident to a *different right* than that secured by a patent ...."[25]

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[25] The necessary dichotomy between a cause of action for trade secret misappropriation and a cause of action for patent infringement was again emphasized by the Supreme Court of Texas in its more recent decision in Luccous v. J. C. Kinley Co. Tex. , 376 S.W.2d 336, 141 U.S.P.Q. 78, 81 (1964). In *Luccous* the court said:

> "In the present case, M. M. Kinley had an *election* as to the means of 'protecting' his invention of the sand-line cutters. First, by the patent laws, Congress gave him an opportunity to secure the material rewards for his invention for a limited time, on condition 'that he make full disclosure for the benefit of the public of the manner of making and using the invention * * *.' See Scott Paper Co. v. Marcalus, 326 U.S. 249, 66 S.Ct. 101, 67 USPQ 193. Second, he could make no public disclosure of his invention and thereby protect his 'trade secret' under the equitable jurisdiction of the state courts. See Becher v. Contoure Laboratories, 279 U.S. 388, 49 S.Ct. 356, 73 L.Ed. 752. Kinley elected to protect his invention by patent. When the patent was granted, the entire patent file and its contents became public property. See Grant v. Raymond, 6 Pet. 218, 8 L.Ed. 376; Sandlin v. Johnson, 8th Cir., 141 F.2d 660, 61 USPQ 71; Callman, The Law of Unfair Competition and Trademarks (2nd Ed.) § 533, Patents. Notwithstanding this choice, plaintiff claims the equitable powers of this court are available to protect his 'trade secret,' a claim that is *totally incompatible* with the election to surrender the protection of secrecy in return for a patent. See Hyde Corporation v. Huffines, supra; Wissman v. Boucher, supra."

The election between protection under the state law of trade secrets and the federal patent laws enforced by the Texas Supreme Court in *Hyde* and *Luccous* is, of course, fundamental to the federal supremacy of the patent laws. See this Court's decisions in Sears, Roebuck & Co. v. Stiffel Co., 376 U.S. 225 (1964), and Compco Corp. v. Day-Brite Lighting, 376 U.S. 234 (1964).

4. To Resolve the Conflict in Principle Between (a) the Decision Below and Similar Decisions Which Have Adopted a "Broad" Construction of the Jurisdictional Statute 28 U.S.C. § 1338(b), and (b) the Decisions of This Court Which Hold That Statutes Conferring Federal Jurisdiction Are to Be Narrowly Construed, Particularly in Respect to Cases Cognizable in the State Courts.

Such decisions of this Court include *Romero* v. *International Terminal Operating Co.*, 358 U.S. 354 (1959); *Skelly Oil Co.* v. *Phillips Petroleum Co.*, 339 U.S. 667 (1950); *Shamrock Oil & Gas Corp.* v. *Sheets*, 313 U.S. 100 (1941); *Gully* v. *First National Bank*, 299 U.S. 109 (1936); and *Healy* v. *Ratta*, 292 U.S. 263 (1934).

In *Romero* this Court said at 379-80:

> "'The considerations of history and policy which investigation has illuminated are powerfully reinforced by the deeply felt and traditional reluctance of this Court to expand the jurisdiction of the federal courts through a broad reading of jurisdictional statutes. . . . Mr. Justice Stone, speaking of the Act of 1875, pointed out that '[t]he policy of the statute calls for its strict construction. . . . Due regard for the rightful independence of state governments, which should actuate federal courts, requires that they scrupulously confine their own jurisdiction to the precise limits which the statute has defined.'" [26]

In footnote 8 of its opinion, the court below cited the June 8, 1964, decision of this Court in *J. I. Case Co.* v. *Borak*, U.S. , 84 S.Ct. 1555, 12 L.Ed. 2d 423, as evidencing

> "... a continuing liberal trend respecting joinder of federal and non-federal claims in a closely related jurisdictional area." [27]

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[26] Quoting from Healy v. Ratta, 292 U.S. 263, 270 (1934).

[27] App. B, *infra* at 26a, n. 8; 334 F. 2d 770, 773, n. 8 (5th Cir. 1964).

This construction of *Case* is, of course, in error and at odds with the repeated pronouncements of this Court that jurisdictional statutes are to be strictly construed.

5. To Resolve the Conflict in Principle Between (a) the Decision Below and Similar Decisions Which, in the Absence of a Clearly Expressed Congressional Intent, Have Construed 28 U.S.C. § 1338(b) to Effect a Substantial Enlargement in the Scope of Pendent Jurisdiction of Unfair Competition Claims Joined with Federal Causes of Action Under the Patent, Trademark and Copyright Laws, and (b) the Mandate of This Court Expressed in Fourco Glass Co. v. Transmirra Products Corp., 353 U.S. 222 (1957).

Congress expressed in the Reviser's Note its intent to "enact . . . as statutory authority," in Section 1338 (b) "*the rule* under federal decisions" citing *Hurn* v. *Oursler, supra,* and *Musher Foundation* v. *Alba Trading Co.,* 127 F.2d 9 (2d Cir. 1942). "*The rule* under federal decisions" obviously was the rule of *Hurn* and *Armstrong* as uniformly construed prior to the statute by the lower federal courts and as exemplified by *Musher.*[28] There is no expression of any legislative intent to change the pre-existing law. This Court said in *Fourco Glass Co.* v. *Transmirra Products Corp.,* 353 U.S. 222, 227 (1957), that:

> "Statements made by several of the persons having importantly to do with the 1948 revision [of the Judicial Code] are uniformly clear that *no changes* of law or policy are to be presumed from changes of language in the revision unless an intent to make such changes is clearly expressed."

Mr. Justice Goldberg recently repeated the *Fourco* mandate in an in chambers opinion. *United States* v. *FMC Corp.,* 11 L. Ed. 2d 20, 24 (1963).

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[28] See, *supra* at 9.

6. The Resolution by This Court of the Questions Raised in This Petition Is of Particular Importance to the Sound Administration of the Federal Judicial System.

The barest perusal of the cases listed and discussed in Appendix A, *infra,* demonstrates the overwhelming need for the exercise by this Court of its powers of supervision to pronounce an authoritative unifying guide for the sharply divided federal courts.

Far from effecting judicial economies by minimizing "piecemeal" litigation as Congress intended, 28 U.S.C. § 1338(b) improperly but effectively has been used to congest the dockets of the lower federal courts with innumerable unfair competition claims over which federal jurisdiction is, at best, doubtful. Attempted reinforcement, particularly of patent claims, by remotely "related" charges of unfair competition has become routine practice. As a result, patents frequently are not judged on the basis of their individual merit, and the cost of defense against the *combined* patent and unfair competition claims becomes intolerable.

This practice has resulted in a burden on the lower federal courts and a dissipation of judicial resources far greater than any "piecemeal" litigation consequent from the *proper* application of constitutional limitations on federal jurisdiction could possibly occasion.

The importance and nature of the issues presented by this petition far outweigh any objection to its grant on the ground that the decision below is interlocutory. Indeed, jurisdictional issues usually arise at an interlocutory stage, and if they cannot be decided in the absence of a full trial, the statutory objective of effecting judicial economies will be wholly vitiated.

7. The Decision Below Is Erroneous

In the light of the foregoing, the court below should have held that Section 1338(b) merely codified the earlier decision law. The "strict" test is the correct one.

The trade secret claim advanced by respondent is not a part of the patent cause of action and did not arise out of substantially the same facts. Thus, if this Court should hold that 28 U.S.C. § 1338(b) is, as the Reviser's Note states, a codification of the rule of *Hurn* and *Armstrong*, the decision below necessarily must be reversed and respondent's nonfederal second cause of action dismissed.

CONCLUSION

For the reasons stated, this petition should be granted.

Respectfully submitted,

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